

A message was received from the Governor, transmitting the following communication :

EXECUTIVE OFFICE, }  
AUSTIN, Jan. 18th, 1856. }

*Gentlemen of the Senate,*

*and House of Representatives :*

I return herewith to the Senate, in which it originated, "an act amending and supplementary to an act amending and supplementary to an act to incorporate the Henderson and Burkville Rail Road." This charter was granted on the 10th day of February, 1852, and authorized the construction of a Railroad from the town of Henderson, in Rusk county, through Shelby and San Augustine counties to Burkville. The road was to be commenced within two years, and if not completed within five years, the charter was to be null. The company were to have eight sections of land for each mile of road constructed.

On the 27th of January, 1854, this charter was amended, and the company was authorized to construct its road, commencing on Galveston Bay or West side of Sabine Lake, thence running (not farther West of Sabine River on latitude  $31^{\circ}$  than fifty miles) through the town of Nacogdoches—then through the town of Mount Enterprise to the town of Henderson, in Rusk county, by such route as the company might deem most advisable.—The road was to be commenced within two years from the 27th of January, 1854, and twenty-five miles to be completed within three years. The powers granted by this charter are similar to those granted by all the other Railroad charters of the State, with the exception of that of the Mississippi and Pacific Rail Road. It contains no provision requiring the payment of any portion of its stock, previous to the organization of the company. So far as I am able to learn, no work has ever been done by this company, and I cannot learn that any part of its capital stock has ever been paid. It is certain that no part of its organization, or of its proceedings, capital stock, &c., has ever been made, as required by our General Railroad law.

This act now proposes to change the corporate name of the company, and to extend the provisions of an act to encourage the construction of Railroads in Texas, by donations of land, approved the 30th of January, 1854, and commonly called the sixteen section law, to this company for a period of one year from this time. It grants the company some other rights and privileges, but imposes no responsibilities or restriction upon the stock-holders, beyond what was contained in the original and amended charter, except that it requires all elections for officers of the company, to be held in this State.

The approval of this act must necessarily commit the State, at least during the continuance of the present Legislature, to an extension of similar relief to all the Railroad companies that have heretofore been chartered, whenever they may apply for it, although they have not paid in a dollar of their stock, nor done any work under their charter, and will most likely lead to the grant of new charters of a like character to those heretofore granted.

It is now generally admitted throughout the State, that our past legislation, in regard to Railway charters, has been hasty and imperfect. They have been granted to individuals for their own benefit, with large and undefined privileges and powers, without imposing any responsibility whatever upon the stockholders, and have, in many instances, been used by the corporators for purposes of private speculation, without any regard to the wants and interests of those sections of the States

they were ostensibly intended to benefit. What has heretofore been done under charters with powers and privileges like this, may continue to be done, and it is our duty to remedy this evil, as far as it can be done.

I think the public interests demands a reform in our legislation in regard to Railroad charters. If those who apply for them are unable, or unwilling, to subscribe and pay for stock, they have no just claim for them, and it is an idle and useless business to grant them. The time has arrived when we should adopt a sound and healthy system in regard to corporations. Their powers and privileges should be limited and accurately defined. They should no longer be allowed to organize without capital; such restrictions and responsibilities should be imposed on the stockholders as will protect the rights of the public, and guard individuals dealing with them from imposition.

In a communication sent to you, at an early period of your session, I stated that I was unwilling that any new charters should be granted to individuals for their own benefit. If new charters were necessary, such routes should be selected as the wants and business of the country require; their points of commencement and termination should be designated, and charters should be granted to Commissioners, who should be required to open books for the subscription of stock, after giving public notice. No subscription should be received, unless five per cent thereof was paid at the time of subscribing, and whenever the per centage on the capital stock subscribed should amount to one hundred thousand dollars, the Commissioners should be authorised to call a meeting of the subscribers, and hold an election for officers; after which the subscribers should become a corporation, with all such powers as are set forth in the charter. The Commissioners should have no right under the charter, except as Trustees for the benefit of their subscribers, when they organize and become a corporation, and should be liable to a heavy penalty for receiving subscriptions of stock, without the payment of five per cent thereof in cash. The corporation thus organized should have authority, from time to time, to receive further subscriptions to its capital stock, to the full amount thereof, after giving public notice—the subscribers in all cases paying five per cent of their stock at the time of subscribing. I have seen no reasons to change these opinions. On the contrary, subsequent reflection has greatly strengthened them, and they apply with equal force to the extension of the charters of those companies which have not commenced work, and exhibit no evidence showing that they have any capital stock subscribed and paid in.

The restrictions here proposed are by no means onerous, and it is very certain that a company which cannot command at least one hundred thousand dollars to commence with can never obtain credit, or build a Railroad of the length contemplated by this charter.

These considerations have induced me to withhold my approval from this Act, and to return it to you for your reconsideration.

E. M. PEASE.

On motion of Mr Lott, the consideration of the communication was postponed until Wednesday, the 23d inst.

On motion of Mr Taylor, of Cass, the Senate adjourned until 10 o'clock to-morrow morning.